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Subsidies for movies don't pay, state told

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LANSING -- Jarred by a nosedive in tax collections and growing evidence that subsidies for the film industry are a net loser for taxpayers, state lawmakers Thursday explored the consequences of curtailing Michigan's movie incentive program.

Budget analysts told the state Senate Finance Committee that the state is likely to pay moviemakers up to \$100 million for projects this year and that additional revenues generated by moviemaking won't come close to covering the cost.

When a senator asked when taxpayers could expect the incentive program, which covers up to 42% of all production costs incurred in Michigan, to generate enough economic activity to pay for itself, Senate Fiscal Agency economist David Zin said: "Never."

The projects that have come to Michigan since the program was approved last year -- 71 applications were approved in 2008 -- spurred new spending, Zin said.

"But you don't get enough ... to break even," he said. Tax incentives as generous as Michigan's film credits "don't ever pay for themselves."

State Sen. Mark Jansen, R-Grand Rapids, told representatives of the state film office it was becoming more difficult to justify open-ended movie subsidies at a time when plunging tax revenues were likely to force reductions in critical programs. He suggested capping incentives at between \$50 million and \$100 million a year.

State Sen. Gilda Jacobs, D-Huntington Woods, said even the discussion of capping incentives would discourage filmmakers and potentially destroy the growth of the industry in Michigan.

A spokeswoman for Gov. Jennifer Granholm said Thursday the administration continues to support the program.
